

Message Text

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ACTION EA-14

INFO OCT-01 AF-10 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10

L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 COME-00 EB-11 LAB-06 SIL-01

DRC-01 SCEM-02 INT-08 SCI-06 EUR-25 NEA-10 /205 W

----- 088544

R 102020Z DEC 73

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 7398

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

AMEMBASSY SUVA

AMEMBASSY PRETORIA

CINCPAC

C O N F I D E N T I A L WELLINGTON 3213

CINCPAC FOR POLAD

EO 11652: GDS

TAGS: PFOR, ECON, ELAB, NZ

SUBJ: KIRK CONSIDERS LABOR RELATIONS BIGGEST
PROBLEM OF HIS FIRST YEAR

SUMMARY: PM KIRK CONSIDERS LABOR RELATIONS HAVE BEEN
MOST DIFFICULT PROBLEM OF HIS FIRST YEAR IN OFFICE.
COMMENTS: THEY ARE INFLATIONARY AND DIFFICULT TO
IMPROVE. ALSO, HIS RESTRICTIONS ON INTERNATIONAL
SPORT MAY CAUSE HIM EVEN MORE SERIOUS POLITICAL TROUBLE.
END SUMMARY.

1. DURING SH R CALL ON PM 10 DEC. I ASKED HIM WHAT
HE CONSIDERED HIS MOST DIFFICULT PROBLEM HAD BEEN
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DURING HIS FIRST YEAR IN OFFICE.

2. HE REPLIED INDUSTRIAL RELATIO*S. I ASKED IF HE HAD MANAGEMENT IN MIND. REPLIED IT WAS PARTICULARLY UNIONS. DEMONSTRATIONS OF INDOCHINA ERA HAD GIVEN UNION LEADERS AND MEMBERS HERE A "GHANDI ATTITUDE" - A HABIT OF GOING OFF THE JOB TO PROTEST TOO MUCH. THIS WAS OFTEN DONE WITHOUT REAL CAUSE. HE SAID BOTH HE AND FOL LEADERS DID NOT HAVE EFFECTIVE MEANS TO HALT THESE STRIKES AND STOPPAGES. THE ONLY ULTIMATE MEANS HE HAD WAS TO DEREGISTER A UNION WHICH STRUCK WITHOUT JUSTIFICATION. HE AGREED WITH MY COMMENT THAT THIS WAS NOT A VERY EFFECTIVE ULTIMATE METHOD BECAUSE IF A UNION IS DEREGISTERED, THERE ARE NOT ENOUGH OTHER LEADERS AND MEN WILLING TO DO THE JOB UNTIL A NEW UNION CAN BE FORMED, USUALLY UNDER THE SAME LEADERS. HE SAID THE CP (CHINESE) COMMUNIST PARTY WAS NOT VERY EFFECTIVE IN FOMENTING THIS, BUT SOME LEFT WING UNION LEADERS WERE. HE PARTICULARLY MENTIONED GORDON H. (BILL) ANDERSEN, SECRETARY OF NORTHERN DRIVERS UNION AND MEMBER OF MOSCOW-LIKE NZSUP, AS A VERY TROUBLESOME OPERATOR WHO WAS USUALLY SMART ENOUGH TO STAY WITHIN THE LAW, BUT WHO INCITED OTHER LEFT WING LEADERS IN OTHER UNIONS AS WELL AS HIS OWN. HE WAS WAITING FOR ANDERSEN, WHO SOMETIMES GETS IN TROUBLE, TO STEP OVER THE LINE SO THAT THE GNZ COULD DEREGISTER ANDERSEN'S UNION. HE ADDED THAT THE PROBLEM WAS PARTLY POLITICAL. ANDERSEN AMONG OTHERS HAD POLITICAL AMBITIONS.

2. HE THEN SAID HE FELT "THE HEAT HAD GONE OUT OF INFLATION" BECAUSE 1) THE MOOD HAD CHANGED AND 2) HE FELT THE FUEL CRISIS, BY SLOWING DOWN WORLD PRODUCTION, WOULD CAUSE INCREASED WORLD UNEMPLOYMENT AND ALLEVIATE PRESSURES ON WAGES AND PRICES. HOWEVER, HE WONDERED IF FUEL CRISIS MIGHT NOT BE SOLVED BY "MARCH OR APRIL." I SUGGESTED HE NOT BET ON THIS.

3. COMMENTS:

A. EMBASSY AGREES THAT PRICE CONTROLS HERE*

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HOWEVER SPOTTY, AND REQUIREMENT THAT EMPLOYERS ABSORB FIRST FOUR PERCENT OF WAGE*INCREASE, WILL TAKE HEAT OUT OF INFLATION FOR TWO OR THREE MONTHS BUT FOR LONGER RANGE, 1) KIRK IS CORRECT IN SAYING HE HAS NO EFFEC-TIVE MEANS TO CONTROL UNIONS. 2) HE IS CAUGHT BY HIS OWN ELECTION MANIFESTO WHICH A) ADVOCATES FULL EMPLOY-MENT (UNEMPLOYED IN NZ NOW NUMBER UNDER 1000, FAR LESS THAN THE NUMBER OF JOB VACANCIES), B) REMOVAL OF ANY LEGAL IMPEDIMENT TO POLITICALLY MOTIVATED STRIKES, AND C) ABOLITION OF THE REMUNERATION AUTHOR-

ITY WHICH DID HAVE SOME CONTINUING EFFECT ON SLOWING INFLATION. 3)*HE HAS A WEAK AND OVERWORKED MINISTER OF LABOR IN PHIL WATT (SEPTEL). 4) UNIONS NOW HAVE PRETTY WELL WON THE BATTLE OF "RELATIVITY" WHEREBY IF ONE UNION GETS A RAISE OTHERS IN COMPARABLE WORK GET IT.

5) NZ HAS NO DOMESTIC OIL PRODUCTION. IN SUM I BELIEVE THE PROGNOSIS FOR THE KIRK GOVERNMENT*IS CONTIN ING LONG RANGE INFLATION FASTER THAN MOST KIWI VOTERS WILL ACCEPT AND NOT NOTICEABLY SLOWED BY FUEL CRISIS UNLESS IT LEADS TO A REAL DEPRESSION WHICH WOULD BE MORE SERIOUS FOR KIRK.

5) KIRK'S OWN METHODS OF PROTESTING FRENCH NUCLEAR TESTS AND SOUTH AFRICAN "RACISM" ARE IN LINE WITH THE FORM OF POLITICAL PROTEST WHICH HE COMPLAINS OF IN THE UNIONS.

B. WHILE KIRK FOCUSES ON INDUSTRIAL RELATIONS, HE MAY BE MISSING MORE BASIC EMOTIONAL COMPLAINT OF THE KIWI VOTER: HIS OWN UNILATERAL MOVES TO REDUCE NZ PARTICIPATION IN INTERNATIONAL SPORT INVOLVING RACIAL DISCRIMINATION AS SHOWN BY THE CANCELLATION OF THE SPRINGBOK TOUR. KIRK WORKED HIS WAY UP ALONE. HE HAS NEVER PLAYED TEAM SPORTS AND HAS NEVER BEEN IN UNIFORM. HE PROBABLY, THEREFORE, DOESN'T REALIZE HOW IMPORTANT WAR, AGGRESSIVE COMPETITION AND THE SUBLIMATION OF WAR, TEAM SPORTS ARE TO THE AVERAGE EMOTIVE KIWI VOTER. THE KIWI, WHOSE FATHER WENT INTO UNIFORM AS THE CITIZEN OF A REALTIVELY UNTHREATENED CONFIDENTIAL

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NATION WHICH MOBILIZED A HIGHER PERCENT OF ITS POPULATION THAN ANY COUNTRY EXCEPT THE USSR IN WORLD WAR II, TODAY IS DISCONTENT BECAUSE EVEN INTERNATIONAL SPORT, ESPECIALLY RUGBY, IS BEING CUT OFF. COMPLAINING OF FRENCH ACTIVITIES, SUCH AS NUCLEAR TESTING, IS HISTORICALLY ACCEPTABLE TO ANY ANGO-SAXON TRAINED KIWI, BUT TO CURTAIL INTERNATIONAL RUGBY IS MEDDLING WITH THEIR RELIGION. WOOD

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